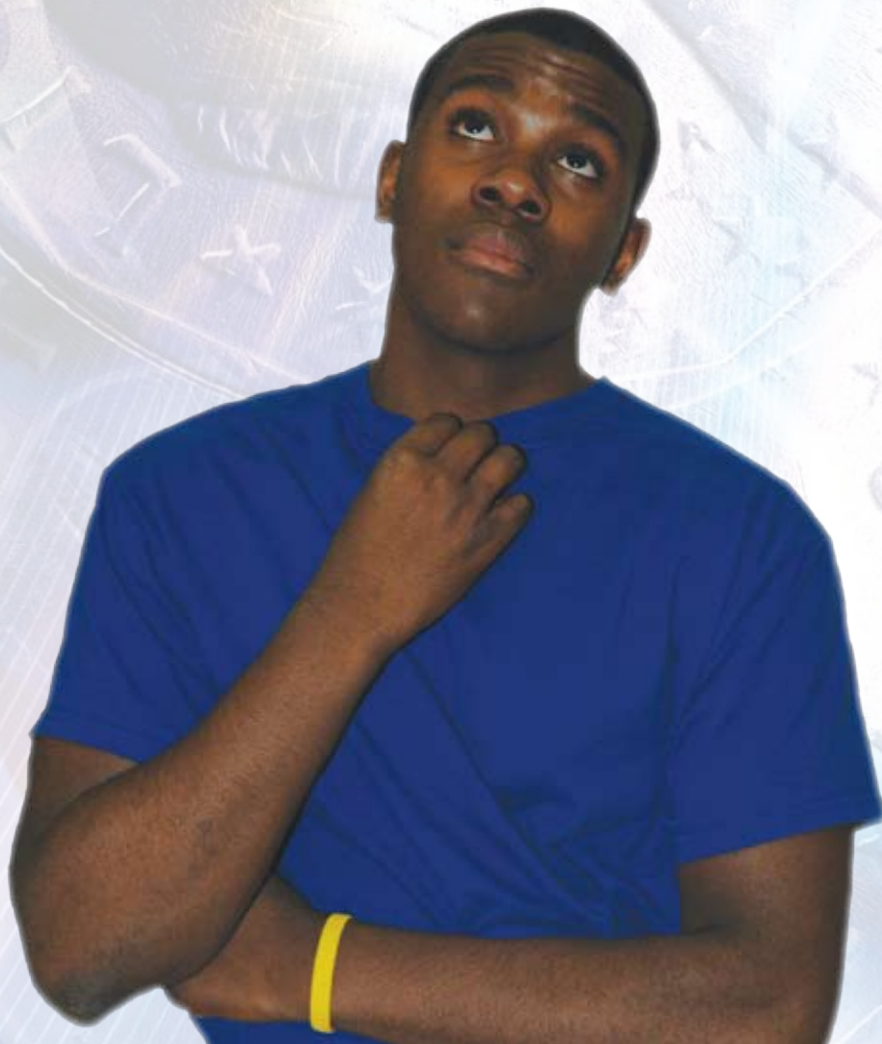


## Chapter 2

# Financial Aid and Budgeting





# MONEY?

You've decided to go to college, you've sent in your applications and you've checked on all the deadlines and orientations. Now the big question — **How do I pay for this?** The answers to many of your questions will be addressed in this chapter. Don't forget that **your best source of financial aid information will be the financial aid office** of the school you plan to attend.

Take action. The school of your dreams may not be out of reach. Research the availability of financial aid. You may qualify for financial help based on such things as academic achievement, athletic skill, musical ability or simply financial need. Contact the financial aid office at the school you want to attend to find out what's available.

The 2008–2009 estimated costs (tuition and fees, room and board) for most Kentucky colleges are included in Chapter 3. For out-of-state schools, consult *The College Cost Book* or *The College Handbook* in your school library or counselor's office.

Check with the school you want to attend to find out the latest costs and what kind of financial aid package it's offering. It might not cost any more to go to a high-priced school than a lower-priced school. You won't know unless you ask. You can compare the costs of different schools by using the Package Evaluation in the back of the book.

Even though a college education isn't cheap, it's more affordable than you think. Financial aid comes in many forms, and you'll probably qualify for more than one type. Let's look at some common questions.

**How is financial aid awarded?** The state and federal governments, your college and private businesses and organizations. Remember, though, that you and your parents are expected to pay as much as you can toward your college expenses.

## Who develops the financial aid package?

Generally, the school's financial aid office develops your package based on guidelines and law. The package usually includes grants, scholarships, work-study and loans and depends on what funds are available.

---

## Types of Financial Aid

- **Grants:** Awards based on need that do not have to be repaid.
- **Scholarships:** Awards based on some kind of special achievement, either academic, athletic or service. These are merit-based and do not need to be repaid.
- **Work-study:** Part-time employment that lets a student earn money toward a college education either on or off campus.
- **Student loans:** Money borrowed, either from a bank, the government or a school. A student loan must be repaid. However, low interest rates are available, and repayment doesn't start until you've either left school or graduated.
- **Conversion scholarships:** Scholarships that require you to provide certain services for a period of time. If you don't, you have to repay the money with interest.
- **Waivers:** An arrangement offered by some schools to eliminate certain costs for students who meet certain qualifications.
- **Military benefits:** Financial aid offered to individuals (or their dependents) who were, are or will be in the U.S. Armed Forces.
- **Prepaid tuition:** A contract guaranteeing fully paid tuition for a fixed number of credit hours at a participating school. You have to pay a certain amount up front.
- **National service award:** An award received for education expenses in return for national or community service.

---

**Where can I get information?** Free financial aid information can come from your guidance counselor, financial aid officers of the schools you're interested in attending and [www.kheaa.com](http://www.kheaa.com). More information can be found on the following pages.

**How do I apply?** You can apply for most state and federal aid by filing the Free Application for Federal Student Aid.

For more information, see page 21.







In addition, many colleges use information from the FAFSA in awarding grants and scholarships administered by the college. These grants and scholarships are called institutional aid. Separate applications are required for many institutional scholarships and private scholarships.

If you have any questions or need help completing the FAFSA or to find out if other application forms are required, check with the financial aid office at the school you plan to attend. **Read the instructions on all forms carefully and follow them to the letter.**

**When do I apply?** If you're not starting college until the fall, as soon as possible after January 1. The first thing you have to do is fill out your FAFSA using the previous year's tax data. The earlier you file, the better your chance of getting financial aid. Check with the financial aid offices of the schools you're interested in to find out their deadlines.

If you plan to get a jump on college by starting before July 1 of next year, you should file the FAFSA now.

**What is need analysis and how is it determined?** Need analysis is used to determine what type and how much aid you can receive by subtracting your expected family contribution (EFC) from the total cost of attendance.

The EFC is figured from the information on the FAFSA using a formula set by Congress. The result is the amount you and your family are expected to pay toward your college costs for that year. If you're an independent student, the EFC is figured on your own financial resources (and those of your spouse, if you're married).

**What if I don't qualify this year?** Reapply each year. Things can change: program requirements, your family's financial condition — lots of things.

**What is "satisfactory academic progress"?** To continue receiving aid under some programs, you have to meet the minimum requirements to graduate within a specified time according to your school's policy. Check with the school to find out what the requirements are.

## Am I "Dependent" or "Independent"?

Most students entering college straight from high school are considered dependent students. For the 2008–2009 academic year, you're a dependent student unless at least one of the following applies to you:

- You were born before January 1, 1985.
- You're married.
- You're enrolled in a master's or doctorate program during the 2008–2009 school year.
- You have dependents who will receive more than half their support from you through June 30, 2009.
- You're an orphan or ward of the court (or were a ward of the court until age 18).
- You're a veteran of the U.S. Armed Forces. "Veteran" includes a student who attended a U.S. military academy who was released under a condition other than dishonorable.

If any of the above apply to you, you're considered an independent student, which means you won't have to include your parents' financial information on the FAFSA. Your school may ask you to submit proof of your independent status before you can receive any federal student aid. If you think you have unusual circumstances that would make you independent even though none of the above criteria apply to you, talk with a financial aid officer at the school you plan to attend.





# Family Considerations



**What can I do if my parents claimed me as a tax exemption last tax year but gave me no support?**

Although you don't meet the federal definition of an independent student, you should discuss your situation with the financial aid director of the school you plan to attend to find out if he or she can help you.

**If I have a brother or sister attending college, will my EFC be less?**

Probably. As a rule, if two family members (other than a parent) are in college at least half-time, the EFC is divided by two.

**If my parents are divorced or separated, which one should provide the information for the FAFSA?**

The parent with whom you lived the most during the past 12 months should complete the application. If you lived with each parent an equal length of time or lived with neither parent, the parent providing the most financial support for you during the last year should complete the form.

**Does a legal guardian have to provide financial information on the FAFSA?**

No, even if the guardian has been directed by a court to support the applicant.

**What does financial aid cover?** Financial aid must be used to pay the cost of education, which includes:

- Direct costs — tuition, fees
- Indirect costs — transportation, housing, food, personal expenses

**How much can I get?** You can't get more need-based aid than the total cost of attendance minus your EFC. So, if the total cost of attendance is \$12,000 and your EFC is \$7,000, the most you can get in need-based aid is \$5,000. That doesn't mean you **will** get \$5,000 in aid. It just means you are eligible for up to \$5,000 in need-based aid. You can use KHEAA's College Aid Calculator, developed by Think Ahead Inc. of Dresden, Maine, to get an estimated EFC. The calculator can be found at [www.kheaa.com](http://www.kheaa.com). You don't need to use your Social Security number, and the information is deleted as soon as the EFC is calculated. Remember, this is **only** an estimate. Your actual EFC will be determined from the information on your FAFSA.

**When will I know how much I will get?** If you apply for state and federal aid between January and April, you should find out in late spring or early summer.

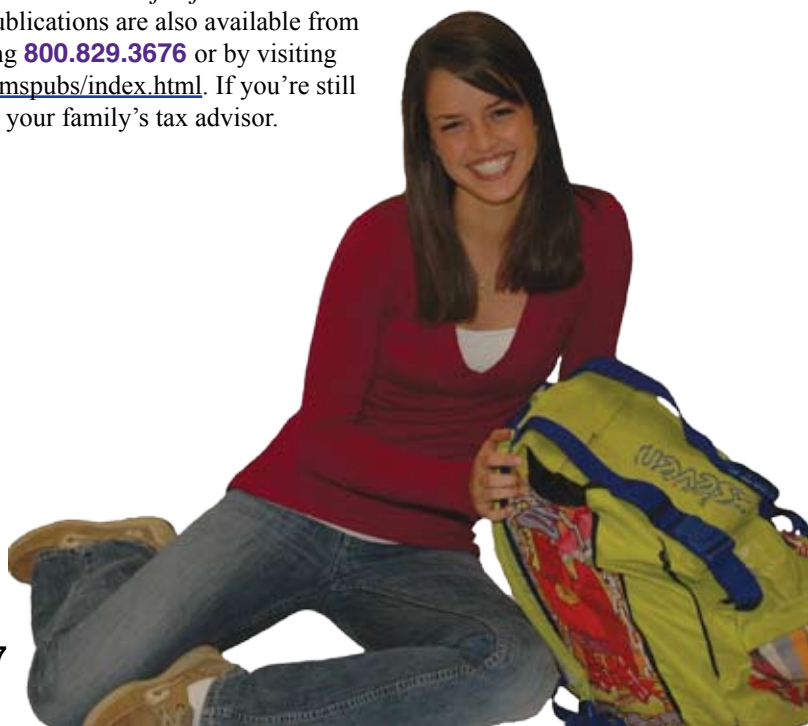
**If I change my mind about college, can I get a refund?** Every school that awards federal student aid must have a written refund policy and give you a copy of that policy if you request it. It's important to find out (before you apply for admission) if you can get a refund if you withdraw from school before you get your degree or certificate.

**What is an enrollment contract?** Some schools use an enrollment contract to explain what you can expect them to give you for your money. Read the contract carefully before you sign it. A representative of the school may promise you things that aren't in the contract, such as help finding a job. If the representative makes you a promise, ask him or her to write the promise on the contract and sign and date it. A promise is usually not enforceable in court unless it's in writing.

**Are scholarships taxable?** Maybe. The basic requirement for a scholarship to be tax free, known as a "qualified" scholarship, is that you are a candidate for a degree.

A qualified scholarship is any amount used for tuition and required fees, books, supplies and equipment. Any amount received for incidental expenses is not a tax-free, qualified scholarship. Incidental expenses include expenses for room and board, travel, research and clerical help.

For more information, call the Internal Revenue Service (IRS) at **800.829.1040** or visit [www.irs.gov/pub/irs-pdf/p970.pdf](http://www.irs.gov/pub/irs-pdf/p970.pdf) to download the free Publication 970 *Tax Benefits for Education*. This and other free publications are also available from the IRS by calling **800.829.3676** or by visiting [www.irs.gov/formspubs/index.html](http://www.irs.gov/formspubs/index.html). If you're still not sure, consult your family's tax advisor.





**What about tax credits and deductions?** There are several ways your parents can save money on taxes when it comes to paying for college.

The federal government offers the Hope Credit, the Lifetime Learning Credit, the tuition and fees deduction and the student loan interest deduction. Kentucky offers the Kentucky Tuition Tax Credit.

The tuition and fees deduction and the student loan interest deduction are adjustments to income. This means they reduce the amount of your income subject to tax and you can claim them even if you don't itemize deductions.

Each of these credits and deductions has special rules and income limitations. For more information on educational tax benefits, refer to Publication 970, *Tax Benefits for Education*. You can order this publication by calling 800.829.3676, or you can download it from [www.irs.gov](http://www.irs.gov). For more information about federal benefits, call the IRS at 1.800.829.1040.

### Hope Credit

If your parents paid qualified education expenses for themselves or a dependent, they may be able to claim a Hope Credit. This credit is available for the first two years of college.

### Lifetime Learning Credit

If your parents or a dependent is enrolled in a degree program or is taking college courses to acquire or improve job skills, they may be able to claim a Lifetime Learning Credit.

### Tuition and Fees Deduction

The tuition and fees deduction can reduce the amount of income subject to tax. Parents may be able to deduct qualified education expenses paid during the year for themselves or a dependent. The expenses must be for college.



### Student Loan Interest Deduction

You can deduct up to \$2,500 per year on your federal taxes for interest paid on your student loan.

### Kentucky Tuition Tax Credit

Kentucky also offers a tax credit. Kentuckians can deduct a credit of 25% of the federal Hope or Lifetime Learning Credits up to \$500 for tuition or related expenses for undergraduate enrollment at an eligible Kentucky college.



The U.S. Department of Education operates a toll-free telephone service for students, parents and educators who have questions about federal student assistance programs.

Call 800.433.3243 (800.4FED.AID). People who use a TTY or TDD device should call the Federal Information Relay Service at 800.730.8913.



# Know where to Look

Don't miss out on financial aid because you didn't know where to look. Here are some tips that can help you increase your chances of getting the most financial aid you can.

**Talk with your guidance counselor,** who can tell you about financial aid in general and where to look for help.

**Check your high school or public library** for books about sources of student aid.

**Make good grades in high school.** By doing so, you can earn money for college through the KEES program. See page 28 for more details. Doing well will also help you qualify for other scholarships and grants.

**Learn about student loans.** You should first try for aid you don't have to repay. However, most students will have to take out loans to pay for college. If you need student loans, make sure you get the least expensive ones you can. That means learn some terms and make comparisons. For the low-down on loans, see pages 36–42.

**Talk with financial aid officers at the schools you're interested in attending.** They can tell you about aid programs available through the school. See Chapter 3 for names, addresses and other information.

**Search for free information** about scholarships and other student aid sources at [GoHigherKY.org](http://GoHigherKY.org).

**Visit [www.kheaa.com](http://www.kheaa.com),** which features information about KHEAA financial aid programs, services and KHEAA publications. You can also access information about your KHEAA grant, loan or KEES award by setting up a Zip Access account.

**Write to organizations** connected with your field of interest which may offer financial aid. These organizations are listed in directories available in public libraries.

**Watch newspapers** for scholarships offered through local community service organizations, businesses, clubs, unions, churches, fraternal groups, etc. Contact the group for more information.

**Check with community organizations and civic groups** such as the American Legion, YMCA, 4-H Club, Kiwanis, Jaycees, Chamber of Commerce and Girl or Boy Scouts. Foundations, religious organizations, fraternities or sororities and town or city clubs are some other possible sources of aid.

**Consult *Affording Higher Education*,** a KHEAA reference book containing thousands of sources of student financial aid for Kentucky students. Copies of this and other student aid materials are available at public libraries, counselor offices and [www.kheaa.com](http://www.kheaa.com).

**Hop on board KHEAA's College Info Road Show.** This mobile classroom visits Kentucky schools and community events and provides materials, publications, live Internet access, a guided tour through the interactive [GoHigherKY.org](http://GoHigherKY.org) website and information from financial aid experts. Take advantage of these free services when the College Info Road Show visits your area.







# Don't be **tricked!**

## Avoid scams.

For more information about scholarship frauds, check out these websites:

- **Federal Trade Commission, [www.ftc.gov](http://www.ftc.gov)**  
You can also file a complaint with the FTC by calling toll free 877.382.4357 or submitting an online complaint form available on the FTC website.
- **National Fraud Information Center, [www.fraud.org](http://www.fraud.org)**  
This site provides information on how to spot, stop and report a scam. You can report one online or call the center toll free at 800.876.7060.

Remember, the absence of complaints may not mean the company or foundation is legitimate — it may just be so new that no one has filed a complaint yet.

You'll probably need financial aid to help pay for college. The money is out there, but make sure your sources are reliable. Scholarship search companies may charge hundreds of dollars to give you a list of scholarships for which you can apply.

Here are some easy ways to get the same information for free.

- Start with your counselor, who can help you find many sources of student aid.
- Contact someone in the financial aid office at each school you're considering to find out about student aid offered by the school.
- Attend any free financial aid workshops sponsored by your high school, local colleges and universities or the Kentucky Association of Student Financial Aid Administrators, such as College Goal Sunday. Don't confuse these free events with events sponsored by companies that offer services for a fee.
- Before paying a fee for financial aid information, check out the company by contacting the Better Business Bureau; the Kentucky Attorney General, Consumer Protection Division, 1024 Capital Center Drive, Frankfort, KY 40601, 888.432.9257, [ag.ky.gov/consumer/](http://ag.ky.gov/consumer/); or the Attorney General in the state where the company is located.
- Do a **free** scholarship search at [GoHigherKY.org](http://GoHigherKY.org).

The Federal Trade Commission says you should be really skeptical about scholarship search companies and sites that claim:

***"You've been selected by a national foundation to receive a scholarship."***

Check with your counselor or visit The Foundation Center website, <http://foundationcenter.org>, to find out

if the foundation is legitimate. Check with your guidance counselor if you're notified that you're a finalist in a scholarship contest you didn't enter.

***"We'll do all the work."***

The company may send you a long list, but you'll have to fill out all the applications.

***"I need a credit card or bank account number to hold this scholarship."***

**NEVER** give these numbers to a person or company you're not sure about. Someone with your credit card number can charge something to your card, and someone with your bank account number can make withdrawals — without your knowledge.

***"This scholarship will cost some money."***

Some legitimate scholarships do have up-front fees, but they shouldn't be more than \$5 to \$10.

***"The scholarship is guaranteed or your money back."***

Read the fine print. To get a refund, you may have to receive a letter of rejection from **every** source on their list. That may be impossible to do if a scholarship on the list is no longer offered. Some unscrupulous companies even give you sources that don't exist. The fine print may state that **all** types of student financial aid are included, so if you get a loan and no scholarships, you still can't get your money back.

***"You can't get this information anywhere else."***

Nearly all the information can be found by working with the guidance counselor and college financial aid officer, visiting the high school or public library or doing a free online scholarship search.



# Filling out the FAFSA a mountain-sized challenge?

**We can help you conquer it.**

Don't let the challenge of filling out the FAFSA overwhelm you. Here are some helpful hints that will simplify the process.

The FAFSA is the form you must fill out to determine if you qualify for federal or state student aid. So, it's important to fill it out correctly. The financial information provided on the form will automatically be sent to the schools listed on the FAFSA and to KHEAA.

The best way is to file the FAFSA online at [www.fafsa.ed.gov](http://www.fafsa.ed.gov). A brochure titled *FAFSA on the Web* is available from the U.S. Department of Education (ED) by calling 800.4FED.AID (800.433.3243). If you have any questions about FAFSA on the Web, call 800.4FED.AID.

You're less likely to make errors filing electronically because your answers are edited automatically. Also, you'll receive your report 7 to 14 days faster than you will with a paper FAFSA.

If you don't have a computer or access to one, check to see if the school you plan to attend has electronic FAFSA capability. If so, you should be able to apply through the financial aid office by filling out the FAFSA and bringing it to the school. The school can then enter your information and transmit it to the ED Central Processing System.

The paper FAFSA is available by calling the ED. If you want to be notified when your paper FAFSA is received, fill out the postcard in the FAFSA packet and

put it in the return envelope with your FAFSA. When the application is received, the FAFSA processor will stamp the card with the receipt date and location and mail it back to you.

The school's financial aid office uses the information on the FAFSA to determine whether you're eligible for need-based financial aid and, if so, for how much and what type. From this information, the school will create a financial aid package for you. Each college you list on the FAFSA will consider you for financial aid and will notify you of its decision in late spring or early summer.

## College Goal Sunday can help your family with FAFSA questions

At College Goal Sunday on January 25, 2009, members of the Kentucky Association of Student Financial Aid Administrators will help students and parents complete the FAFSA. It will be held at sites across the state. Check [www.kasfaa.com](http://www.kasfaa.com) or watch your mailbox, local newspaper or guidance office bulletin board for more information.

College Goal Sunday is sponsored by KASFAA, with funding from the Kentucky Higher Education Assistance Authority (KHEAA) and Lumina Foundation for Education.



Students and parents learn about completing and filing the FAFSA at the 2008 College Goal Sunday.



## The FAFSA — know how to use it

KHEAA uses information from the FAFSA in making grant awards. As KHEAA receives data from the FAFSA central processor, students are sent grant notices instructing them to visit [www.kheaa.com](http://www.kheaa.com) to learn their grant eligibility at all schools listed on the FAFSA.

It's important that you fill out the FAFSA correctly in order to get all the money you qualify for. Use the following steps to help with this procedure.

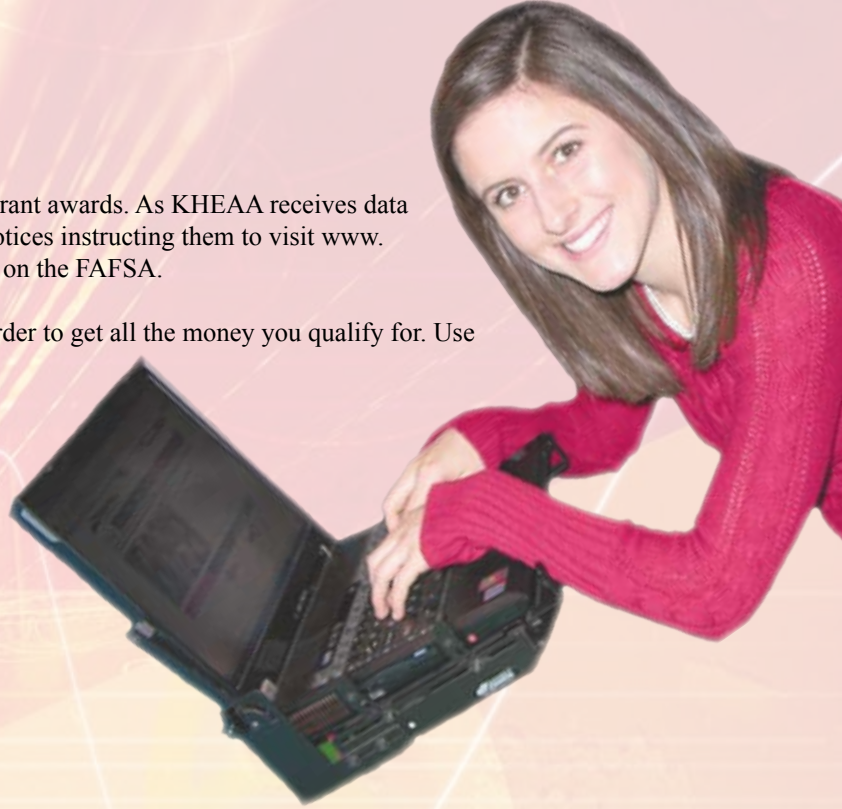
**First:** Decide if you will complete the FAFSA electronically or on paper.

**Second:** Gather documents you will need to refer to in completing the FAFSA. These include the following:

- Your Social Security card and driver's license.
- Your W-2 forms and federal income tax return.
- Your parents' W-2 forms and federal income tax return if you are dependent.
- Records of other untaxed income received such as Social Security benefits, Temporary Assistance for Needy Families or veteran's benefits.
- Current bank statements and records of stocks, bonds or other investments.
- Business or farm records if applicable.
- Your alien registration card if you are not a U.S. citizen.
- A PIN from [www.pin.ed.gov](http://www.pin.ed.gov) if you are applying online.

### Don't forget to:

- Read and follow the instructions carefully.
- Submit the FAFSA as soon as possible after January 1 of your senior year (when your family has its federal income tax preparation data) to make sure you have the best chance of receiving aid for which you're eligible.
- Keep copies of your FAFSA and a record of the date you submitted or mailed it.
- If you need to make corrections, follow the instructions on the Student Aid Report you receive in the mail and return it immediately for reprocessing.
- Read financial aid award letters carefully and comply with requests from schools for clarification or additional information as soon as possible. Submit corrections or additional information to the Central Processor, so KHEAA and the administrators of other federal and school-based programs will have the information too.



### Other Financial Aid Applications

- ☐ Check with the financial aid office of the school you plan to attend to find out if you should file any other applications.
- ☐ Read and follow directions. Filling out an application properly and neatly is important. You may be disqualified for failing to complete all questions, answering them incorrectly or missing the deadlines.
- ☐ Pay attention to mailing addresses and filing deadlines.
- ☐ Keep copies of everything you mail and a record of the dates you mail the materials. You might want to send your materials by registered mail, return receipt requested.
- ☐ Talk with your counselor about scholarships available in your community. If you think you may be eligible, apply for them.
- ☐ Check the school's catalog or website for descriptions of any additional scholarships or financial aid for which you may be eligible to apply. Website addresses can be found in Chapter 3.
- ☐ Apply, apply, apply. By applying for several types of aid, you increase your chances of receiving enough to pay your school costs.



# Money Management 101

Everybody should know how to manage money and make it grow. Your money may be burning a hole in your pocket to buy a new song or a special-release ring tone. Or you might be saving it for college.

Financial paths include choices like attending college or technical school, which can boost your lifetime earnings with higher salaries. But even if you never go to college or technical school, knowing what to do with your money will mean you can manage your income and expenses throughout your life.

Let's start with the basics. Knowing how and when you get your money and where you spend it is the foundation of financial planning.

## Budgeting

A budget helps you track the money you make and spend. You can create a budget by estimating how much money you'll make and spend each month. It's a great way to avoid running out of money. Best of all, a budget will show you how to save for a big-ticket item you really want.

Your main goal is to have money left over at the end of the month. Take out a sheet of paper and list your short- and long-term goals, estimating how much money you can reasonably set aside per paycheck to meet them.



**Short-term goals**

- Road trip to Bonnaroo
- BUY NEW CLOTHES

**Long-term goals**

- GET A NEW(ER) CAR
- Get a good job \$\$\$
- Buy a house

When you break down your goals and how long it takes to meet them, you'll get a better idea of how to pay for what you really need.

Write down what you spend your money on in an average month: food, gas, rent, entertainment, etc. If you get a receipt for everything you spend money on, this makes things easy. Check your list. Is what you've written down something you must have, like food? Or is it something that makes your life more enjoyable, like eating out? Basically, is it a need or a want?

The most important category in your outflow is savings. If you can sock away a small portion of your income (between 10 and 17 percent), you can invest your money. When you get your paycheck, the first thing you should do is deposit a portion into your savings account. You'll still have money in case you need it after paying your other bills. However, savings accounts don't earn much interest, which can make your money grow. Check out investing in certificates of deposit (CDs) or savings bonds for higher returns.

Don't think you make enough to save anything? Review your spending habits to find ways to save. Do you really need everything on your "want" list?

## Banking

By learning more about banks, you're taking a key step in understanding finances. Talk with your parents about their bank and why they picked it. See what features local banks offer for savings and checking accounts, paying close attention to fees they charge. Those fees can add up quickly, so choosing your bank and the type of account can make a difference.





Outstanding Checks (not included on your statement)	Outstanding Deposits (not included on your statement)
Amount	Amount
<b>Total</b>	<b>Total</b>
<b>1. Ending balance from your bank statement</b>	\$ _____
<b>2. Add total outstanding deposits</b>	+ _____
<b>3. Subtract total outstanding checks</b>	- _____
<b>4. New balance (should equal your balance after you record interest and fees in your checkbook register)</b>	_____

Checking accounts let you write checks or use a debit card to withdraw money you've deposited in the bank. The bank pays the person or business named on the check and sends you a monthly statement of deposits and withdrawals called a bank statement. As you write checks or take money out of an ATM, you write down the check number, the date, to whom the check is written and how much it's for in the debit column of your check register. Write down the dates and amounts of deposits and bank fees so you can keep track of your account balance.

A debit card is an easy way to access money in your checking account without writing a check. Money is immediately withdrawn from your account when you buy something with a debit card. You still need to track purchases by recording them in your register. You can also get a prepaid debit card without having a traditional checking account, but you will be charged a monthly or annual fee and a fee each time you use it at an ATM. If you constantly go to the ATM, those fees can rack up quickly.

Monitor your spending carefully. You should know your general bank balance each time you make a

transaction, because if you write a check or try to debit money that isn't there, you've bounced a check or your card will deny you the purchase.

By balancing your checkbook every month, you can keep an eye on your money and fees your bank is charging you. Most banks have a time limit on disputing errors on your account, so the sooner it's spotted, the sooner you can take care of it. Most banks also offer online access to your account so you can monitor your spending and see what checks have cleared. When your bank statement arrives, double-check your register to make sure all deposits have been recorded. Also, if you earned any interest on your deposits, record that. Then, double-check your checks and debits, including fees. Make sure those are entered into your register, adding the deposits and subtracting your checks and debits until you have your balance.

Now, get your statement. Note the checks that are not listed on your statement if you wrote checks after the bank's closing date. Add them up, then subtract them from the ending balance shown on your statement. If you've made deposits not shown on your statement, add that to your worksheet. Subtract your total outstanding checks, and the figure you reach should equal your checkbook balance.

### How to avoid a \$500 cell phone bill

Most high school and college students have cell phones — and sometimes a huge bill that goes with it. Your primary consideration in mobile phone service may be to compare your existing family plan with an independent one, depending on several factors.

Investigate which carrier offers the best plan for your needs and covers the area where you are going to be making the most calls. Are you a heavy texter? If so, your plan should cover them!

If you have a cell phone, use it wisely. Taxes, activation fees, overage and roaming charges can all add





up — BIG TIME! Get the bottom-line cost for your first bill, plus an itemized calculation of all costs, including taxes, activation fees and cost of the phone itself — and get it in writing. You don't want to be surprised with a huge bill. Avoid one with a prepaid phone that will let you see what you're spending and won't let you go over your minutes.

A cell phone contract is legally binding — and the contract will favor the company's bottom line, not yours. Read the fine print, paying close attention to the "Terms and Conditions," which outline what you are agreeing to. You can review the service agreements of many cell phone companies on the Internet. Check them out and compare before you sign!

Look at the phone upgrade fee, which is charged when you buy a new phone from your existing carrier. Retail outlets often don't tell you about this fee; you'll find out about it on your first or second month's bill. It should be mentioned in your contract, so check it out before changing your phone. Don't rely on oral promises about your contract or your bill — make sure you get any promises or agreements in writing and file them with your signed contract in case of a dispute. If you don't want to pay the phone upgrade fee, you can switch to another carrier, but you'll have to pay an early termination fee. You can always call customer service and request the fee be removed, which may or may not work.

## Insurance

One fact of modern life is the need for insurance. What insurance you'll need depends on your lifestyle. You may need car, health, renter's, homeowner's or other insurance.

**Car insurance:** Because teens and young adults don't have as much driving experience as adults, they're a bigger risk to insure. That means you'll pay more than someone who's older. In most states, including Kentucky, you must carry liability insurance to cover any damage you do to someone else's property or person. Collision insurance covers repairs to your car if you have an accident. Unless you owe money on your car, you probably don't have to have collision or comprehensive coverage, especially if your car is older. Not having collision insurance will save you money — unless you have an accident.



## Health insurance:

Ask your parents if you're covered under their policy and, if so, for how long. Generally, unmarried children under age 19 are covered and can extend to age 25 if you're a full-time student taking 12 or more hours in college. If you get married, you're automatically an adult and lose your "dependent" status. Once you graduate and get your first "real job," you may have the opportunity to buy the health plan offered by your employer.



**Renter's/homeowner's insurance:** For now, you might want to consider renter's insurance, which protects your stuff as if you owned a house. Especially if you have nice stuff, renter's insurance can pay you if it gets stolen or burned up in a fire. Check with your parents' insurance agent to see if you're covered by an off-premises provision when you live in a dorm. If you live off-campus, you won't be covered under the provision and should get renter's insurance. When deciding how much coverage to buy, consider replacement vs. actual cash value. Replacement means you'll get the same item new; actual cash value means you get an amount based on the items' used value. If you have really nice stuff like jewelry or a stereo, consider buying extra coverage, called a rider, on those items.

## Credit cards

So how do a textbook and a couple of pizzas end up costing you a small fortune? Glad you asked. It's because (we bet you've heard this before) there's no such thing as a free lunch (told you). Let's say you've filled out the form that a friendly credit card representative gave you during college freshman orientation. And you just found out that they have given (probably not the right word) you a \$2,000 line of credit.

After pizzas, books and all the other things that you just didn't have the cash for, you owe \$1,500. The minimum payment is just a few dollars a month, and you haven't even reached your credit limit. No problem, right? WRONG! If you owe \$1,500, are paying 22.8% interest and are making the minimum payment each month, you'll NEVER pay off the \$1,500 before you die.

Just as you shopped for a bank and a cell phone plan that works for you, you need to compare credit card offers. Some charge an annual fee, others require a deposit equal to the amount of credit you have available — not a bad idea, since you can't charge over this limit. You can get in way over your head with a credit card.





College administrators say they lose more students because they have to go to work to pay credit card bills than because of failing grades.

If you have any bill you can't pay, contact the company or lender immediately to work out a payment arrangement. Whatever you do, don't ignore letters from people you owe! This just makes companies more aggressive in trying to contact you and get their money back because you look like you're hiding. It's best to explain everything in writing, so you have a record of it. Most companies will work with you if you're up front about a temporary lack of cash. Ask if the creditor will waive penalty fees and extend your payment period after you explain you're having a temporary financial setback.

If you do find yourself in a bind, look at your finances and figure out your budget before writing your creditors so you can give them an idea of how much you can reasonably pay.

### Student loans

A college education increases your earning potential and opens doors of opportunity. But keep in mind that when you take out a student loan, you're borrowing against your future earnings. Taking out a loan is a huge responsibility. The money you borrow must be paid back, even if you didn't get a job in your field or if you declare bankruptcy.

Just like shopping for a credit card, check out different lenders. Under federal law, lenders can charge up to a 1% origination fee for Stafford Loans. Some lenders don't charge this fee or offer a discounted fee. Many lenders also offer repayment incentives that can reduce the amount you repay. You may get a reduced interest rate for automatic bank drafts or for making payments on time.

If you're going to a college that participates in the Federal Family Education Loan Program, your financial aid office may have sent you a lender list along with your student loan paperwork. Check out lenders' websites to see what discounts or incentives they offer to save you money after graduation. Remember: You can choose any lender you want, even if it's not on your school's list. If you're going to a college that participates in the William D. Ford Direct Loan Program, you probably don't have this option — although some colleges participate in both programs.

### Why worry?

Because you're building a credit score. If you have a history of paying your bills late, it will be reported and will affect the interest rate you pay on your credit card or car, your apartment deposit, even your car insurance! When you get a bill, pay it on time — every month.

A credit score is a number between 300 and 850 based on your payment history. It's used by lenders to help determine whether you qualify for a particular credit card, loan, insurance or service. Most credit scores estimate the risk a company incurs by lending you money. Generally, the higher your score, the less risk you represent.

Some people think you have to have a credit card to build a credit score. But if you open your utility accounts in your name instead of your parents' and then apply for and get a store credit card (try to buy something and pay it off in full for a couple of months), you can build a credit score of 700 in six months. "Good" credit begins at the 700 range.

Any late payment stays on your credit report for seven years, even if you've completely paid off the creditor. It's better to start off on the right foot by establishing checking and savings accounts, pay all your bills on time, use your credit cards (if you HAVE to have them) sparingly and pay the bill off every month.

Did we mention to pay your bills every month? If you do, creditors will see you are a person who honors your financial commitments. They'll think you really know how to manage money, and they'll want to let you use some of theirs. And don't forget: Many employers will check your credit history before offering you a job.



# Major Aid Programs



The following pages list many of the major state and federal student aid programs available to Kentuckians. The application for many of these is the FAFSA. Due to the ever-changing climate of student aid, programs may be discontinued or changed. For the most up-to-date information, check with your high school counselor or a financial aid officer at the school you plan to attend. For more information about KHEAA programs, call 800.928.8926 or visit [www.kheaa.com](http://www.kheaa.com). KHEAA awards millions of dollars each year to thousands of Kentucky students.

## Grants

### Academic Competitiveness Grant

**Eligibility:** First- or second-year undergraduate who holds no bachelor's or higher degree, is eligible for a Pell Grant and is a U.S. citizen enrolled full-time in an eligible school in an associate's or bachelor's degree program. Must have completed a rigorous high school curriculum. Second-year students must have at least a 3.0 GPA on a 4.0 scale during their first year in college.

**Award:** First-year student, up to \$750; second-year student, up to \$1,300

**Application:** FAFSA

### Chafee Independent Program Education Training Voucher

**Eligibility:** Kentucky student between 18 and 21 who left state foster care at or after 18 or was adopted from state foster care at or after age 16. Student must be in good standing, either part-time or full-time, in a postsecondary program or be making satisfactory progress toward completion of a job training program. Can be used for any expenses directly related to an educational or job training program not covered by other resources.

**Award:** Up to \$5,000 per year

**Application:** Write to Fawn Conley, State Coordinator, Chafee Independence Program, 275 East Main Street, Mail Stop 3E-D, Frankfort, KY 40621, call 502.564.2147 or 800.232.5437, ext. 4497, e-mail [fawn](mailto:fawn@kheaa.com).

[conley@ky.gov](mailto:conley@ky.gov). Application deadlines: fall semester, July 1; spring semester, December 1.



### College Access Program (CAP) Grant

**Eligibility:** Financially needy undergraduate Kentucky resident enrolled in an eligible school for at least 6 semester hours or equivalent quarter hours in an eligible course of study.

**Award:** Up to \$1,900 per year for full-time students. Part-time students receive \$79 per credit hour or \$53 per quarter hour. (CAP Grants are funded by Kentucky Lottery revenue.)

**Application:** FAFSA

### Federal Pell Grant

**Eligibility:** Undergraduate who holds no bachelor's or higher degree, has need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school. Students in a postbaccalaureate teacher program may also be eligible.

**Award:** Up to \$4,731 per year

**Application:** FAFSA

### Federal Supplemental Educational Opportunity Grant

**Eligibility:** Undergraduate who holds no bachelor's or higher degree, has exceptional need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school.

**Award:** Up to \$4,000 per year

**Application:** FAFSA. Deadline set by the school.





### Kentucky Tuition Grant (KTG)

**Eligibility:** Financially needy Kentucky resident enrolled full-time at an eligible Kentucky private college

**Award:** Up to \$3,000 per year (KTG awards are funded by Kentucky Lottery revenue.)

**Application:** FAFSA

### National Science and Mathematics Access to Retain Talent (SMART) Grant

**Eligibility:** Third- or fourth-year undergraduate student majoring in certain areas of science, engineering, technology, mathematics and foreign language. Must be a U.S. citizen, eligible for a Pell Grant and enrolled full-time in a bachelor's degree program. Must have at least a cumulative 3.0 GPA on a 4.0 scale.

**Award:** Up to \$4,000 per year

**Application:** FAFSA

### Vocational Rehabilitation Assistance

**Eligibility:** Must have a physical or mental condition that creates a substantial obstacle to employment. Student must be able to benefit from vocational rehabilitation in terms of preparing for, finding, and keeping a job. Student must show academic aptitude and financial need.

**Award:** Partial payment of tuition and other services

**Application:** Write to the Kentucky Office of Vocational Rehabilitation, Education Cabinet, 209 St. Clair Street, Frankfort, KY 40601; call 800.372.7172; or visit <http://ovr.ky.gov/index.htm>.

## Scholarships



### Byrd Honors Scholarship

**Eligibility:** High school senior or GED holder who shows past academic achievement and the potential for continued academic success and is enrolled full-time in a postsecondary school for the next academic year. Seniors must have at least a 3.5 GPA, ACT score of 23 and recommendation from their high school counselor. GED recipients must have at least a 2700 on their GED and be recommended by their adult education provider.

**Award:** Up to \$1,500 per year

**Application:** Via ZipAccess at [www.kheaa.com](http://www.kheaa.com). Application period for high school seniors is December 1, 2008, to February 15, 2009. Application period for GED graduates is March 1, 2009, to June 15, 2009.

### Commonwealth Scholars Program

**Eligibility:** Academically talented Kentucky students attending Kentucky's public colleges and universities. Eligibility requirements set by each school.

**Awards:** Varies

**Application:** Contact the school you plan to attend.



### Early Childhood Development Scholarship

**Eligibility:** Kentucky resident and U.S. citizen, national or permanent resident working at least 20 hours weekly in a participating early childhood facility or regularly providing approved professional development training. The applicant must pursue an approved early childhood program and not enroll in more than 9 credit hours per term. Individual with access to professional development funds from other educational programs (such as Head Start) is not eligible. Recipient cannot have any unpaid financial obligations to KHEAA or any other Title IV program and must agree to a service commitment.

**Award:** Tuition, not to exceed \$1,800 per award year (July 1–June 30).

**Application:** FAFSA and the Early Childhood Development Scholarship application. The application can be found under Zip Access on [www.kheaa.com](http://www.kheaa.com). Contact the Division of Early Childhood Development, 500 Mero Street, CPT - 1st Floor, Frankfort, KY 40601, 502.564.8341 or toll free 866.294.0135. Application deadlines: fall, July 15; spring, November 15; summer, April 15.



### Kentucky Educational Excellence Scholarship (KEES)

**Eligibility:** Kentucky resident who earns at least a 2.5 GPA at the end of a high school year in an approved curriculum, plans to attend a participating college and is not a convicted felon. Students pursuing a degree in a program not available in Kentucky may be able to use a KEES award to attend an out-of-state college if



approved for participation in the Academic Common Market. Students who maintain Kentucky residency while in an approved foreign educational exchange program or the U.S. Congressional Page School or whose parents maintain Kentucky residency while in the U.S. armed forces can also earn KEES awards.



**Award:** Students at certified high schools earn scholarships based on their GPA for each year of high school, plus a bonus award based on a test they take before they graduate. Graduates of non-certified high schools and GED graduates earn awards based on ACT composite score.

KEES Award Amounts			
GPA	Base Amount	ACT Score	Bonus Amount
2.50	\$125	15	\$ 36
2.60	150	16	71
2.70	175	17	107
2.75	187	18	143
2.80	200	19	179
2.90	225	20	214
3.00	250	21	250
3.10	275	22	286
3.20	300	23	321
3.25	312	24	357
3.30	325	25	393
3.40	350	26	428
3.50	375	27	464
3.60	400	28 or above	500
3.70	425	Amounts are subject to change based on funding.	
3.75	437		
3.80	450		
3.90	475		
4.00	500		

Senate Bill 2, enacted by the 2008 Kentucky General Assembly, provides a new KEES bonus award for students eligible for free or reduced-price lunches during any year of high school and who make qualifying scores on Advanced Placement (AP) or International Baccalaureate (IB) exams. Eligible students will begin earning these awards for exams taken during the 2008–2009 academic year. The chart below shows the amounts that will be awarded for each score. There is no limit to the number of bonus awards a student can receive.

Advanced Placement		International Baccalaureate	
Exam Score	Bonus Amount	Exam Score	Bonus Amount
3	\$200	5	\$200
4	\$250	6	\$250
5	\$300	7	\$300

(KEES awards are funded by Kentucky Lottery revenue.)

**Application:** None



### Mary Jo Young Scholarship

**Eligibility:** Must be a student at a state-certified high school enrolled in dual credit courses at a Kentucky college or taking Advanced Placement (AP) courses through the Kentucky Virtual High School; be a legal resident of Kentucky; have passed prerequisite courses or demonstrate competency in prerequisite content;

and submit verification of status from a school official. For AP courses, the student must agree to take the AP exam. For dual credit courses, the student must be enrolled in credit-bearing courses before the start of the course. Priority given to first-generation college enrollees, low-income students, minorities and students with disabilities.

**Award:** \$350 for one course or \$575 for two courses, plus reimbursement of textbook cost up to \$85 for one course or \$170 for two courses.

**Contact:** Beth Lane, KHEAA, 800.928.8926, ext. 67229, or [blane@kheaa.com](mailto:blane@kheaa.com)

## Waivers

For more information, visit the Legislative Research Commission's website [www.lrc.state.ky.us](http://www.lrc.state.ky.us). In this section "school" includes state-supported colleges, universities and vocational schools.



### Adopted and Foster Children

**Eligibility:** **KRS 164**—Must be a Kentucky student whose family receives state-funded adoption assistance under KRS 199.555, who is currently placed in foster care by the Cabinet for Health and Family Services or the Department of Juvenile Justice, who is in an independent living program funded by the cabinet, who was in the custody of the cabinet or the Department of Juvenile Justice prior to being adopted by a family that resides in Kentucky or who was in the custody of the Cabinet for Health and Family Services on his or her 18th birthday. Student must enter college or vocational school no more than four years after graduating from high school. Available to part-time and full-time undergraduate students. Out-of-state students meeting eligibility requirements at time of application to a Kentucky school may apply for a waiver of up to the cost of in-state tuition.

**Award:** Up to tuition and mandatory student fee waiver at any public postsecondary school for up to five years if satisfactory progress is maintained.

**Application:** Financial aid office or Fawn Conley, Chafee Independence Program, 275 East Main Street, 3E-D, Frankfort, KY 40621, telephone 502.564.2147, ext. 4497, e-mail [fawn.conley@ky.gov](mailto:fawn.conley@ky.gov). Application deadlines: fall, July 1; spring, December 1.



### **Dependents of Deceased Employees Participating in State-Administered Retirement Systems**

**Eligibility:** **KRS 164.2841**—Must be the child or nonremarried spouse of an employee participating in a state-administered retirement system who died of a duty-related injury. Must provide proof of relationship and proof that the death/disability was duty related.

**Award:** Waiver of any enrollment or tuition fees at state-supported school

**Application:** Financial aid office

### **Dependents of Disabled Employees Participating in State-Administered Retirement Systems**

**Eligibility:** **KRS 164.2842**—Must be the spouse or the child (over age 17 and under age 23) of an employee participating in a state-administered retirement system who was disabled due to a duty-related injury. Must provide proof of relationship and proof that the disability was duty related.

**Award:** Waiver of any enrollment or tuition fees at state-supported school for no more than 36 months

**Application:** Financial aid office

### **Dependents of Deceased or Disabled Kentucky Law Enforcement Officers and Firefighters**

**Eligibility:** **KRS 164.2841**—Must be the child or nonremarried spouse of someone who was a Kentucky resident on becoming a law enforcement officer, firefighter or volunteer firefighter and who was killed while in active service or training for active service or who died as a result of a service-connected disability after June 30, 1989; be enrolled in a state-supported school; and provide proof of relationship to the deceased and the circumstances of death.

**Award:** Full tuition and enrollment fees. This tuition waiver can be used in addition to other scholarships; any balance left may be applied toward incidental expenses and/or may be returned to the recipient.

**Eligibility:** **KRS 164.2842**—Must be the spouse, regardless of age, and child (over age 17 and under age 23) of a permanently and totally disabled law enforcement officer, firefighter or volunteer firefighter injured while in active service or in training for active service while a resident of Kentucky, regardless of when the disability occurred; be enrolled in a state-supported school; and provide proof of relationship and the qualifying disability.

**Award:** Full tuition and enrollment fees for up to 36 months

**Application:** Contact financial aid office; write to the Kentucky Fire Commission, 300 North Main Street, Versailles, KY 40383; or call 800.782.6823.



### **Dependents of Deceased or Totally Disabled Kentucky Veterans**

**Eligibility:** **KRS 164.505**—Must be the child, stepchild or nonremarried spouse of a serviceman or woman who was a Kentucky resident when he or she entered military service and who was killed while in service or died of a service-connected disability. Student must provide documentation of relationship to parent or spouse as well as documentation showing the parent's or spouse's military service and cause of death. If the student also receives a scholarship payable to the school, the scholarship must be applied to incidental expenses and any balance returned to the student if the terms of the scholarship allow.

**KRS 164.507**—Must be the child or stepchild under the age of 26 or the nonremarried spouse of a deceased veteran who was a resident of Kentucky or married to a resident of Kentucky at the time of death and who served in the U.S. Armed Forces during a national emergency, war declared by Congress or action of the United Nations or who was killed on active duty or died of a service-connected disability acquired while on active duty. Student must provide documentation of relationship to parent or spouse as well as documentation showing the parent's or spouse's military service and cause of death. A stepchild must have been a member of the veteran's household when the veteran died. If the student also receives a scholarship payable to the school, the scholarship must be applied to incidental expenses and any balance returned to the student if the terms of the scholarship allow.

**KRS 164.512**—Must be the disabled child of a veteran who acquired the disability as a direct result of the veteran's service. To be entitled to benefits under this section, the child claiming benefits must have acquired a disability determined by the U.S. Veterans Administration as compensable. Must document the parent-child relationship. To entitle a child to benefit under this section, the member of the National Guard or Reserve must have served on state active duty, active duty for training or inactive duty training or the veteran must have served on active duty with the Armed Forces of the United States, and the discharge must have been



under honorable conditions. The veteran must be a resident or, if deceased, must have been a resident of Kentucky.

**KRS 164.515**—Must be the child or stepchild under the age of 26 or the spouse of a permanently and totally disabled member of the Kentucky National Guard or Reserve injured while on state active duty, active duty for training or inactive duty training; or a permanently and totally disabled war veteran; or a 100% service-connected disabled veteran regardless of wartime service; or prisoner of war or member of the Armed Services declared missing in action. A living veteran must be rated permanently and totally disabled for pension purposes or 100 percent disabled for compensation purposes by the U.S. Veterans Administration or the Department of Defense. If the veteran is deceased, the claim is based on the rating held by the veteran at the time of death. If a prisoner of war or missing in action, the veteran must have been declared as such by the Department of Defense. Members of the Kentucky National Guard must be rated permanently and totally disabled as provided in KRS Chapter 342. Must document the parent's, stepparent's, or spouse's service and rating.

**Award:** Tuition waiver at any state-supported school

**Application:** Contact the Veterans Affairs Office of the school you plan to attend; write to Barbara Sipek, Kentucky Department for Veterans Affairs, 321 West Main Street, Suite 390, Louisville, KY 40202; call 502.595.4447 or toll free 800.928.4012; or e-mail BarbaraA.Hale@ky.gov.

## Conversion Scholarships/Loans

### Environmental and Public Protection Cabinet Scholarship

**Eligibility:** Student enrolled in a Kentucky university at the junior, senior or postgraduate level and pursuing a course of study of critical need to the Department for Environmental Protection. Recipient must work for the department after completing the degree.

**Award:** Varies

**Application:** Write to the Kentucky Water Resources Research Institute, University of Kentucky, 233 Mining and Minerals Building, Rose Street, Lexington, KY 40506-0107 or call 859.257.1299. Application deadline, February 15. For more information, contact the Department for Environmental Protection, 300 Fair Oaks Lane, Frankfort, KY 40601.

### Federal TEACH Grant

**Eligibility:** Undergraduate, postbaccalaureate or graduate student in a teacher education program. Must have at least a 3.25 GPA and above the 75th percentile on an undergraduate or graduate admissions test. A graduate student must be a teacher or a retiree from another occupation with expertise in a field with a shortage of teachers or complete a high-quality

alternative certification. Recipient must teach full-time for four years in a high-need field in an elementary or secondary school that serves low-income students. Teaching service must be completed within eight years of completing the teacher education program. If a recipient does not fulfill the teaching requirement, the grant converts to an unsubsidized Stafford Loan.

**Award:** Undergraduate/postbaccalaureate, up to \$16,000 (\$4,000 a year); graduate, up to \$8,000

**Application:** FAFSA and a service agreement that includes a promise to repay the TEACH grant if the recipient fails to complete the service obligation.

### Kentucky Nursing Incentive Scholarship

**Eligibility:** Kentucky resident admitted to an approved nursing program and who agrees to work full-time as a nurse in Kentucky one year for each year funded. For prelicensure nursing programs, students must complete at least 15 credit hours per academic year of published nursing program requirements; for the graduate nursing program, students must complete at least 9 credit hours per academic year of published nursing program requirements. Students must keep a minimum GPA to continue in the program. Scholarship must be repaid if program or work requirement is not met.

**Award:** Varies

**Application:** Write Richelle Livers, Kentucky Board of Nursing, 312 Whittington Parkway, Suite 300, Louisville, KY 40222-5172; e-mail richeller.livers@ky.gov; or print from <http://kbn.ky.gov/education/nisf/>. Applications must be postmarked January 1 to June 1.

### Kentucky Transportation Cabinet Civil Engineering Scholarship

**Eligibility:** Kentucky resident or high school graduate with minimum ACT of 24 who plans to attend the University of Kentucky, University of Louisville, Kentucky State University, Western Kentucky University, or any KCTCS school. Student must pursue a degree in civil engineering and agree to work for the Kentucky Transportation Cabinet upon graduation, one year for each year on scholarship.

**Award:** Semester stipends (freshmen/sophomores, \$4,400 gross; juniors/seniors, \$4,800 gross) and possible summer employment.

**Application:** School's engineering or pre-engineering department, [www.transportation.ky.gov/highways/scholarship.asp](http://www.transportation.ky.gov/highways/scholarship.asp) or Jamie Bewley Byrd, State Highway Engineer's Office, Kentucky Transportation Cabinet, 200 Mero Street, Frankfort, KY 40622, 502.564.3730, ext. 3167 or Jamie.Bewleybyrd@ky.gov. Application deadline is March 1.





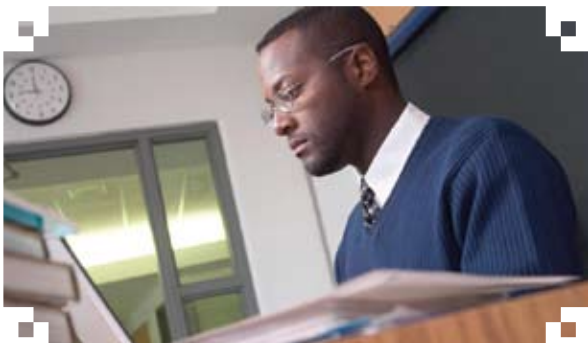
## KHEAA Teacher Scholarship

**Eligibility:** Highly qualified, financially needy Kentucky resident enrolled or accepted for enrollment as a full-time student and seeking initial teacher certification. Recipients who do not fulfill requirements must repay the scholarship plus 6 percent interest.

**Award:** Juniors, seniors, postbaccalaureate or graduate students can receive up to \$6,250 per year (\$2,500 for fall semester, \$2,500 for spring semester and \$1,250 for summer classes). If funds remain, freshmen and sophomores can receive up to \$1,575 (\$625 for fall, \$625 for spring and \$325 for summer).

**Application:** FAFSA and an application. To complete the application, register under Zip Access on [www.kheaa.com](http://www.kheaa.com). Log back into Zip Access using your user ID and password and select the Teacher Scholarship Application.

**Note:** KHEAA must receive the FAFSA need analysis data from the Central processor by May 1. The results are sent directly to KHEAA, but you must file the FAFSA in time for KHEAA to receive the results by May 1. The Teacher Scholarship Application must also be certified by May 1. This is the student's responsibility.



## Minority Educator Recruitment and Retention (MERR) Scholarship

**Eligibility:** Kentucky resident who is a member of an ethnic minority as defined by the federal government, maintains a 2.5 GPA, declares teacher education as the major area of study and is a full-time undergraduate or graduate pursuing an initial teaching certificate. Recipients who do not fulfill requirements must repay the scholarship plus 6 percent interest.

**Award:** Up to \$5,000 per year

**Application:** Write to Natasha Murray, Division of Educator Quality and Diversity, Kentucky Department of Education, 500 Mero Street, Frankfort, KY 40601; call 502.564.1479; or contact a MERR Scholarship Coordinator at any of the state-supported universities in Kentucky. Deadline set by the school.

## KHEAA Osteopathic Medicine Scholarship

**Eligibility:** Kentucky resident accepted into the Pikeville College School of Osteopathic Medicine. Recipients who do not fulfill requirements must repay the scholarship plus 6 percent interest.

**Award:** Equal to the difference between the average amount charged for in-state tuition at the state medical schools and that charged at Pikeville College School of Osteopathic Medicine

**Application:** Write to Teresa Jones, Financial Aid, Pikeville College School of Osteopathic Medicine, 147 Sycamore Street, Pikeville, KY 41501 or call 606.218.5400. Application deadline is July 1.

## Loans

### Federal Perkins Loan

**Eligibility:** Student who has exceptional financial need and is a U.S. citizen or eligible noncitizen enrolled at an eligible school pursuing a degree or certificate.

**Award:** Up to \$4,000 per year for undergraduates, \$6,000 for graduate students. The maximum cumulative undergraduate amount is \$20,000 (\$8,000 for students who are not yet juniors). Graduate students can get up to another \$20,000 for a maximum of \$40,000.

**Application:** FAFSA. Deadline set by the school.

### KHEAA Federal Stafford Loans (FFELP)

**Eligibility:** U.S. citizen or eligible noncitizen enrolled or accepted for enrollment at least half-time in an eligible certificate or degree program at an eligible school. Student must show financial need for a subsidized loan but not for an unsubsidized loan.

**Award:** The Federal Stafford Loan amount for an academic period cannot exceed the cost of attendance (as determined by the school) minus the student's estimated financial assistance and, if the loan is subsidized, EFC. The amount can't exceed the loan limits for an academic year based on the student's dependency status and grade level. The interest rate on subsidized Stafford loans is 6 percent for undergraduate students only. The interest rate on unsubsidized Stafford loans and on subsidized Stafford loans for graduate and professional students is 6.8 percent. The government pays the interest on a subsidized loan until you begin repayment. You can pay the interest on an unsubsidized loan while you are in school or have it added to the principal.

Loan limits when *Getting In* went to press were:

Grade Level	Dependent Status	Independent Status
First Year	\$3,500	\$ 9,500
Second Year	\$4,500	\$10,500
Each Remaining Year of Undergraduate Study	\$5,500	\$12,500
Each Year of Graduate/ Professional Study		\$20,500



**Application:** FAFSA and the Federal Stafford Loan Master Promissory Note (MPN). The MPN can be submitted and signed electronically through KHEAA's eSign process. A paper MPN can be obtained from a lender or financial aid office. Contact the schools to which you are applying to see if they prefer an electronic or paper MPN.



### Federal PLUS Loan (FFELP)

**Eligibility:** Any parent or stepparent of a dependent student enrolled or accepted for enrollment at least half-time in an eligible program at an eligible school. Graduate and professional students may also borrow PLUS Loans.

**Award:** The maximum amount equals the cost of education minus other financial aid received. The interest rate is fixed at 8.5 percent.

**Application:** FAFSA and PLUS Loan application. For a PLUS Loan application, contact a participating lender or the financial aid office at the school you plan to attend; write to KHEAA, P.O. Box 798, Frankfort, KY 40602-0798; or call toll free 800.928.8926. The PLUS MPN can be submitted and signed electronically through KHEAA's eSign process at [www.kheaa.com](http://www.kheaa.com).

**Note:** Some schools participate in the Federal Direct Student Loan Program instead of the Federal Family Education Loan Program administered by KHEAA. Direct Stafford and PLUS Loans have the same eligibility and award criteria as FFELP loans. If your school is a Direct Loan school, contact the financial aid office for information about how to apply.



### Nursing Student Loan

**Eligibility:** U.S. citizen, permanent resident or eligible non-citizen enrolled at least half-time in a nursing program at a participating school and having financial need

**Award:** Varies by school based on need, year of enrollment and available funds; 5 percent interest rate.

**Application:** Financial aid office. For more information, visit <http://bhpr.hrsa.gov/dsa>.

### Primary Care Loan

**Eligibility:** U.S. citizen, permanent resident or eligible non-citizen who is enrolled in a college of allopathic or osteopathic medicine, demonstrates financial need and agrees to enter and complete residency training in primary care within four years after graduation (including 3-year residency program) and practice in primary care for the life of the loan.

**Award:** Varies by school based on need and available funds. The maximum award cannot exceed the cost of attendance for first- and second-year students. Depending on available funds, third- and fourth-year students may receive larger awards. The interest rate is 5 percent unless the student fails to enter and complete a residency in primary health care. The interest rate becomes 18 percent at the date of noncompliance.

**Application:** Financial aid office. For more information, visit <http://bhpr.hrsa.gov/dsa>.

## Work-Study

### Federal Work-Study

**Eligibility:** Student who has need and is a U.S. citizen or eligible noncitizen enrolled in an eligible school pursuing a degree or certificate.

**Award:** Student must be paid at least the current federal minimum wage. Maximum earnings cannot exceed total cost of education minus other financial aid received.

**Application:** FAFSA. Deadline set by the school.



### KHEAA Work-Study

**Eligibility:** Kentucky resident attending a participating school at least half-time. The employment must be career related, and priority is given to undergraduates.

**Award:** Student must be paid at least the current federal minimum wage. Maximum earnings cannot exceed total cost of education minus other financial aid received.

**Application:** Contact the KHEAA Work-Study Program coordinator at the school you attend.

## Military Benefits

Most branches of the military offer some type of tuition assistance that lets active duty members take courses at civilian colleges during their off-duty hours. In addition, military training while on active duty can sometimes count toward college credit. After they finish active duty, veterans can take advantage of the Montgomery GI Bill to attend college. Local Armed Forces recruiting offices can provide detailed information about educational opportunities through the military.





#### **Kentucky Air National Guard Education Assistance**

**Eligibility:** High school graduate or GED holder and member of the Kentucky Air National Guard.

**Award:** The Montgomery GI Bill gives students up to \$317 each month for up to 36 months toward an undergraduate degree. The Montgomery GI Bill Kicker offers an additional \$350 each month for selected critical career fields and is also paid for up to 36 months. Students receive credit for their military schooling, which is transferable to many colleges in Kentucky. Kentucky Air Guard membership offers a 100 percent tuition award program to all Kentucky state-supported schools (if funds are available).

**Application:** Call the Kentucky Air National Guard Representative at 502.413.4604 or toll free 800.892.6722.

#### **Kentucky Army National Guard Federal Tuition Assistance**

**Eligibility:** Must be a Guard member with satisfactory standing; complete basic and advanced individual training; and attend an approved accredited school to pursue a vocational, associate, bachelor or graduate program.

**Award:** Tuition up to \$250 per semester hour not to exceed cap

**Application:** Write to Education Services Office, Boone National Guard Center, 100 Minuteman Parkway, Frankfort, KY 40601; or call 502.607.1342.

#### **Kentucky National Guard Montgomery GI Bill**

**Eligibility:** Guard member with six-year obligation who is a high school graduate or GED holder and completes basic and advanced individual training.

**Award:** Students receive up to \$317 each month for full-time enrollment in a Veterans Administration-approved vo-tech, undergraduate or graduate program for up to 36 months.

**Application:** Call the Education Services Office for the Kentucky National Guard at 502.607.1342.

#### **Kentucky National Guard Montgomery GI Bill Kicker**

**Eligibility:** Newly enlisted Guard members with no prior service, current members with three years of service and active-duty members who join the Guard within 30 days of discharge and enlist or extend in a qualifying unit for at least six years qualify for the reserve component Montgomery GI Bill.

**Award:** Up to \$200 each month as a full-time student enrolled in a program approved for VA benefits; \$350 each month is available for soldiers participating in an officer- commissioning program such as ROTC or OCS. All soldiers must meet eligibility in their unit, MOS and ASVAB scores.

**Application:** A Montgomery GI Bill Kicker Contract is available through the recruiting and retention office at the unit, the Military Entrance Processing Station or by calling the Education Services Officer at 502.607.1342.

#### **Kentucky National Guard Tuition Award**

**Eligibility:** Active member of the Kentucky National Guard. Member must maintain all minimum standards, be eligible for all positive personnel actions and have completed basic training or its equivalent.

**Award:** Up to in-state tuition for full- or part-time study at any Kentucky public college while funds are available.

**Application:** Contact the Kentucky National Guard, Boone National Guard Center, 100 Minuteman Parkway, Frankfort, KY 40601.

#### **Reserve Officers Training Corps (ROTC) Scholarships Air Force ROTC**

**Eligibility:** High school senior or graduate. Students pursuing technical degrees are targeted. Based on individual merit, not need. Four-year scholarships may be lengthened to five years in certain academic majors and programs. The Air Force also offers scholarships to students already in college. These scholarships cover one to three years of a bachelor's degree program in certain engineering and science majors as well as in other categories such as premedicine.

**Award:** Varies

**Application:** Contact the Department of Aerospace Studies at your school. For further information, call 866.4AFROTC; write to HQ AFROTC/DOR, 551 East Maxwell Boulevard, Maxwell AFB, AL 36112-6106; or visit [www.afrotc.com](http://www.afrotc.com).

#### **Army ROTC**

**Eligibility:** Entering freshman who has a minimum 920 SAT or 19 ACT composite score; has minimum high school GPA of 2.5; participates in leadership, extracurricular and athletic activities.

**Award:** Full tuition and on-campus education fees; an additional \$1,200 yearly allowance for textbooks, supplies and equipment and up to \$5,000 per year in spending money.

**Application:** Contact the Military Science Department of your school; call toll free 1800.750.ROTC (7682); or visit [www.goarmy.com/rotc](http://www.goarmy.com/rotc).



## Naval ROTC

### Four-Year Scholarship

**Eligibility:** Must be U.S. citizen at least 17 years of age by September 1 of the year starting college and less than 23 on June 30 of that year. Applicants with previous active duty service may be eligible for age waivers. The minimum SAT scores for the Navy option are 520 math and 530 critical reading. The minimum ACT scores are 22 math and 22 English. The minimum SAT scores for Marine option is a composite score of 1000. The minimum ACT scores for Marine option are a composite score of 22. Must meet physical requirements.

**Award:** Tuition, fees, book allowance, uniforms and a \$250 monthly allowance with increasing amounts yearly.

**Application:** Contact your local Navy Recruiter; call 1.800.USA.NAVY or 1.800.NAV.ROTC; e-mail PNSC\_NROTC.scholarship@navy.mil; or visit <https://www.nrotc.navy.mil>. Deadline is January 31.

### Two-Year Scholarship

**Eligibility:** Must be a U.S. citizen at least 17 years of age and under 27 years of age on June 30 of the year an applicant expects to graduate and complete NROTC training requirements. Applicants with prior active duty service may be eligible for a waiver. Must be a college sophomore with a minimum GPA of 2.5. One year (two semesters or three quarters) of differential and integral calculus of one real variable with grades of C or better is required (pre-calculus does not meet this requirement). Must meet physical requirements for the NROTC Program (physical required).

**Award:** Tuition, fees, book allowance, uniforms and \$350 monthly allowance in the junior year, increasing to \$400 in the senior year.

**Application:** Contact nearest NROTC unit or call 1.800.NAV.ROTC, ext. 2-9380, 2-9381 or 2.9563. Deadline is March 15 of the sophomore year of college.

**Application:** Contact the Corporation for National and Community Service, 1201 New York Avenue, NW, Washington, DC 20525; call toll free 800.942.2677; or apply online at [www.americorps.org](http://www.americorps.org).

## Qualified State Tuition Programs



### Kentucky Education Savings Plan Trust



**Description:** Helps families save for children's higher education. Deposits can be as small as \$15 if made through payroll deduction, and the Trust offers investment options designed to help families meet future higher education costs. Account earnings are exempt from Kentucky taxes, and any withdrawal used for qualified college expenses is free of federal income taxes. Account savings can be used at any qualified college in the nation, including vocational and technical schools, to pay for tuition, fees, books, supplies and certain room and board costs.

**Information:** For more information, call toll free 877.KY TRUST (877.598.7878) or visit [www.kysaves.com](http://www.kysaves.com).



## National Service

### AmeriCorps

**Eligibility:** U.S. citizen or permanent resident alien age 17 or older who performs national community service before, during or after college.



**Award:** Up to \$4,725 for each year of service (up to two awards) to pay current or future education expenses or repay federal student loans. Award is nontransferrable and must be used within seven years.



### Kentucky's Affordable Prepaid Tuition



**Description:** Allows Kentuckians to contribute to a child's prepaid tuition account, which can be used at any accredited college in the country. Depending on which KAPT plan is purchased, the program guarantees to pay tuition at Kentucky's public colleges or universities or average tuition at Kentucky's private colleges and universities in exchange for early tuition purchase by lump sum or monthly payments. KAPT enrollment is currently closed and will be reassessed on an annual basis.

**Information:** Contact KAPT c/o KHEAA, P.O. Box 798 Frankfort, KY 40602-0798; call 888.919.KAPT (5278); or visit [www.getKAPT.com](http://www.getKAPT.com).



# STUDENT LOAN TERMS AND WHAT THEY MEAN

Most students will need a student loan, so it's wise to know what all the terms mean and how they apply to you. Terms that are used in a definition but are also defined in this section are in **red**.

More information about student loans can be found on the following pages. If you can't find out what you need to know here, don't be afraid to ask questions. You can get answers from your counselor, KHEAA or the financial aid office of the college you're interested in attending.

## ☐ **BORROWER BENEFITS**

— Think of these in terms of a price break you get when you buy something and a rebate you get after you buy it. A **lender** can charge an **origination fee**, while a **guarantor** must charge a **federal default fee**. Some lenders or guarantors may pay these fees for you. These fees are deducted before you see the money, so the lower the fees, the more money you get to pay for college.

You may also be able to get breaks when you start repaying your loan. Some lenders may charge you a lower **interest** rate if you follow certain criteria.

☐ **FEDERAL DEFAULT FEE** — The **guarantor** must charge you 1 percent of your loan as a default fee. Some guarantors may pay this fee for you.

☐ **GUARANTOR** — The guarantor, such as KHEAA, has a contract with the **lender** to pay off a student loan under special circumstances. So, the guarantor is like an insurance company.

☐ **INTEREST** — This is the money you pay the **lender** for letting you use its money to pay your school costs. It's just like the interest you pay on your car loan, only it's generally lower.

☐ **LENDER** — The lender is whoever loans you the money. It can be a bank, a nonprofit state corporation, a credit union or some other financial institution.

☐ **ORIGINATION FEE** — This helps cover the costs the **lender** has to pay for doing business with you. Lenders can charge up to a 1 percent **origination fee**.

☐ **PRINCIPAL** — This is the amount you borrow *before* the **origination fee** and **federal default fee** are deducted. The interest you're charged will be based on the principal.



# Private Loans

## Are they a good thing?

One fact of modern college financing is that sometimes the combination of grants, scholarships, federal loans and family contribution isn't enough to pay for the whole cost of your education. When that happens, many students and their parents will turn to private loans. Private loans now account for nearly a quarter of all education borrowing.

You've seen the commercials on TV, mostly on networks high school and college students watch.

If you absolutely have to borrow money to pay for school, you shouldn't consider getting a private loan until after you've gotten every dollar you can in federal student loans.

The interest you pay on private loans is based on your credit score, which you read about on page 26. Instead of the 6% you pay on a subsidized Stafford Loan, you might end up paying 19% or more for a private loan. Recent research reported in *The New York Times* showed that fewer than 10% of college students got those low rates. More than 75% had to pay the worst rates.

In addition, many companies offering private loans won't lend to students unless they attend certain schools.

If you do have to take out a private loan, make sure you're dealing with a reputable lender. Perhaps the best place to start is your own bank.





# CHECK IT OUT!

## ANSWERS TO FEDERAL STUDENT LOAN QUESTIONS

You should research all other means of financial aid before taking out a student loan. Don't forget that a student loan has to be repaid, whether you finish your education or like the school or program you've started. You're taking on a commitment that will help improve your future but that also requires you to be responsible. By making your payments on time, you're establishing yourself as a good credit risk. This will help you later in life when you need to borrow money for another purpose, whether it's buying a car, furniture or a home. Here are some tips that will help you to borrow wisely.

### Tip 1: Contact the school you plan to attend

Find out what other financial aid you qualify for before applying for a student loan. Grants, scholarships and work-study usually don't have to be repaid.

Ask the financial aid officer how much the total cost of attending school, including the estimated living expenses, is going to be.

Know what the school's refund policy is. Ask the financial aid officer or check the student handbook or class schedule.

### Tip 2: Check out the job you're interested in

Find out the job opportunities in that field to make sure you'll be able to earn enough to pay back what you borrow as well as meet any other expenses you will encounter when you're in the working world. Defaulting on a student loan isn't an option, even if you can't find a job in the field you've trained for or if you don't make as much money as you thought you would. Research before committing yourself to a job where you won't earn enough money.

Check with the school about entrance counseling. The school you'll be attending is required to provide this before you receive your first Federal Stafford Loan.

### Tip 3: Find out about student loans before borrowing

Borrow only what you need.

Remember, you have to repay your loan.

The current interest rate on subsidized Stafford Loans is 6 percent, while the rate on unsubsidized Stafford Loans is 6.8 percent. This chart shows the approximate monthly payments for various amounts at those two interest rates. Remember: if you have loans from different lenders, you'll have to pay both lenders at the same time. For a quick estimate of how much you will pay based on how much you have borrowed, the interest rate, and the repayment period, use the Loan Repayment Calculator at [www.kheaa.com](http://www.kheaa.com).

Federal Stafford Loan Repayment		
Amount Borrowed	Estimated Monthly Payment	
	6.0%	6.8%
\$ 5,000	\$56	\$58
\$10,000	\$111	\$115
\$15,000	\$167	\$173
\$20,000	\$222	\$230
\$25,000	\$278	\$288
\$30,000	\$333	\$345
\$35,000	\$389	\$403
\$40,000	\$444	\$460



Consider getting all of your loans through one lender so you don't have to make payments to two or more lenders at the same time. This will simplify the process. The federal government requires the Master Promissory Note (MPN) for all Stafford Loans. For more information, visit [http://www.kheaa.com/pdf/forms/staf\\_mpn\\_fill.pdf](http://www.kheaa.com/pdf/forms/staf_mpn_fill.pdf).

Use student loans only for educational purposes. Giving false information, forging information or using loans for any purpose other than legitimate school expenses is a crime.

Generally, you have up to 10 years to repay your student loans. The minimum monthly payment is \$50. Your repayment duration and amount will be based on your loan balance. An extended repayment plan may be available if you owe more than \$30,000 in student loans. Under the extended repayment plan, you can take up to 25 years to pay, depending on how much you owe.

## Tip 4: What happens after the first year?

Most financial aid programs have renewal requirements and some limitations such as:

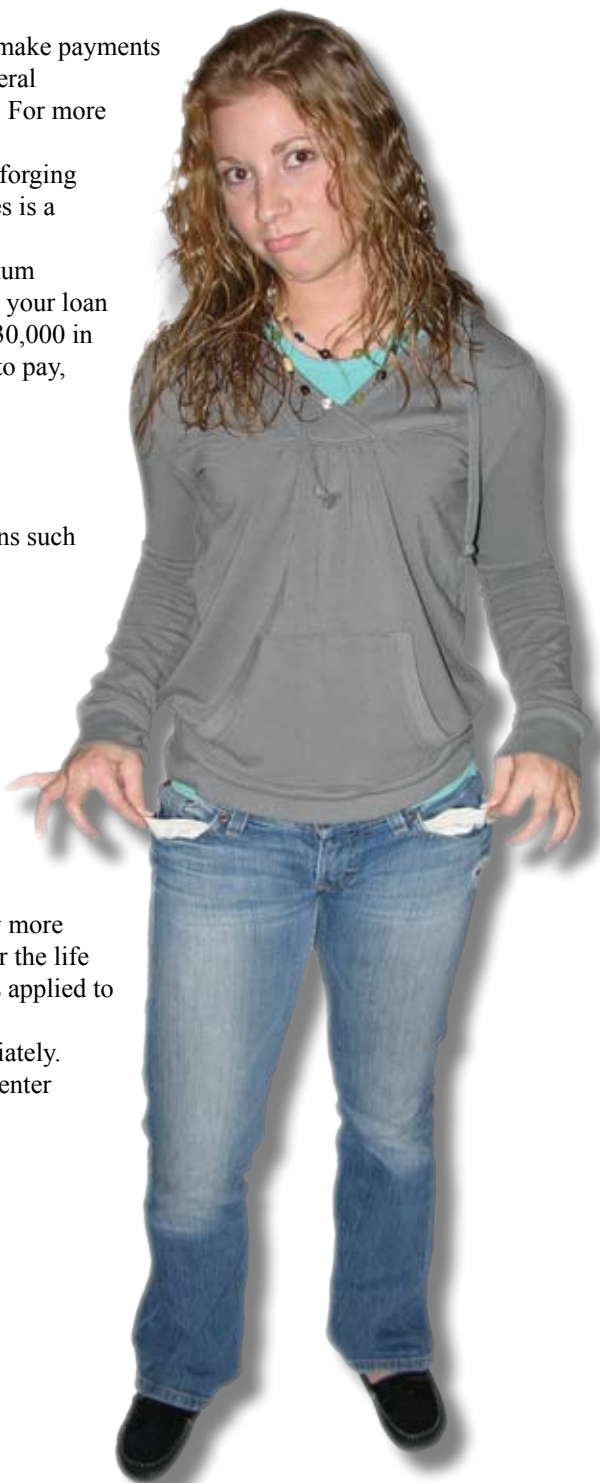
- Advancing to the next grade level.
- Requiring students to reapply each year.
- Limiting the total number of years aid can be received.

**Before you transfer to another school, be sure to check on the status of your financial aid.**

## Tip 5: Now the fun part — repayment!

When you start making payments, think about paying a little extra — a few more dollars paid each month reduces the overall amount of interest you will pay over the life of the loan. If you pay an extra \$10 each month, \$120 a year, the extra money is applied to the principal, which lowers the total interest you end up paying.

If you have any trouble making your payments, contact your lender immediately. You may be able to postpone or reduce your payments temporarily. Before you enter repayment, you will go through exit counseling.





# You be the Judge

## Which school is the right school for you?

You've been accepted by more than one school. How do you know which school is offering you the best financial aid package? What if the school you want to attend costs more than the other? Can you still attend the school of your dreams? Comparing the award letters can help you decide.

An award letter will usually show the total cost of attendance — what it costs to go to that school for one year, including tuition, fees, room, meals, books, supplies, transportation and personal expenses. It may also show how much you are expected to pay toward those costs, the expected family contribution (EFC). The EFC is subtracted from the total cost of attendance to get your financial need.

The letter will then list various sources of financial aid offered to pay for the costs not covered by the EFC. You can accept or reject any or all of those proposed sources.

At the back of book, you'll find the School and Package Comparison chart. You can use this chart to compare the cost of going to two schools, as well as the financial aid packages those schools have sent you. We've filled in one column with sample numbers that don't come from a real school. Let's take a look at the sample column to see how it's done.

First of all, these are the assumptions we're making: You'll be taking a full load of classes (12 credit hours) and your EFC is \$1,000.

Your total cost of attendance is the sum of your tuition and fees, books and supplies, room and board, transportation and personal expenses, or \$13,000 for one year. Since your EFC is \$1,000, your financial need is \$13,000 minus \$1,000, or \$12,000. The college uses that information to put together a financial aid package for you.

Because your EFC is so low, you qualify for a Federal Pell Grant, a College Access Program grant and a Federal Perkins Loan. You've earned \$1,700 in KEES awards, and the college has offered you a \$500 scholarship that it administers. Those awards total \$8,700, leaving you \$3,300 short of what you need. That's where the Federal Stafford Loans kick in. You qualify for a \$3,300 subsidized Stafford Loan, meaning the federal government pays the interest on the loan while you're in college. Your financial aid awards total \$12,000.

### Three things to ask the financial aid office:

- ☐ Whether your award will be reconsidered if your financial situation changes.
- ☐ Whether you can expect roughly the same financial aid package each year or if it includes one-time-only awards.
- ☐ What the school expects the average student loan debt will be.

Remember: you don't have to accept everything in the financial aid package. You can pick and choose the awards that are best for you. The first thing to do is take advantage of all the free financial aid you can get — the grants and scholarships. If you still need help, take the loans — but only what you absolutely need.

You should ask the financial aid office for a list of everything it needs from you if you accept the package: tax returns, acceptance letter, promissory note, applications, etc.





Financial aid packages are, to some extent, negotiable. State and federal programs generally have limits on how much you can receive from them. Beyond that, though, many schools have their own funds. If you really want to go to a particular school but the financial aid package isn't quite what you want, talk with someone in the financial aid office. The school may be able to come up with additional funds.



## Comparing Costs

When it comes to comparing the costs of various colleges, remember that on the broadest level, costs are divided into billable costs and nonbillable costs.

Billable costs are what you have to pay to start college. At the least, they include tuition and fees. If you're going to live in school-provided housing, billable costs will also include room and board. They're called "billable" because the school will bill you for them.

Nonbillable costs include everything else — textbooks, supplies (such as pens and notebooks), transportation and personal items (soap, shampoo, clothes, entertainment, laundry, etc.).

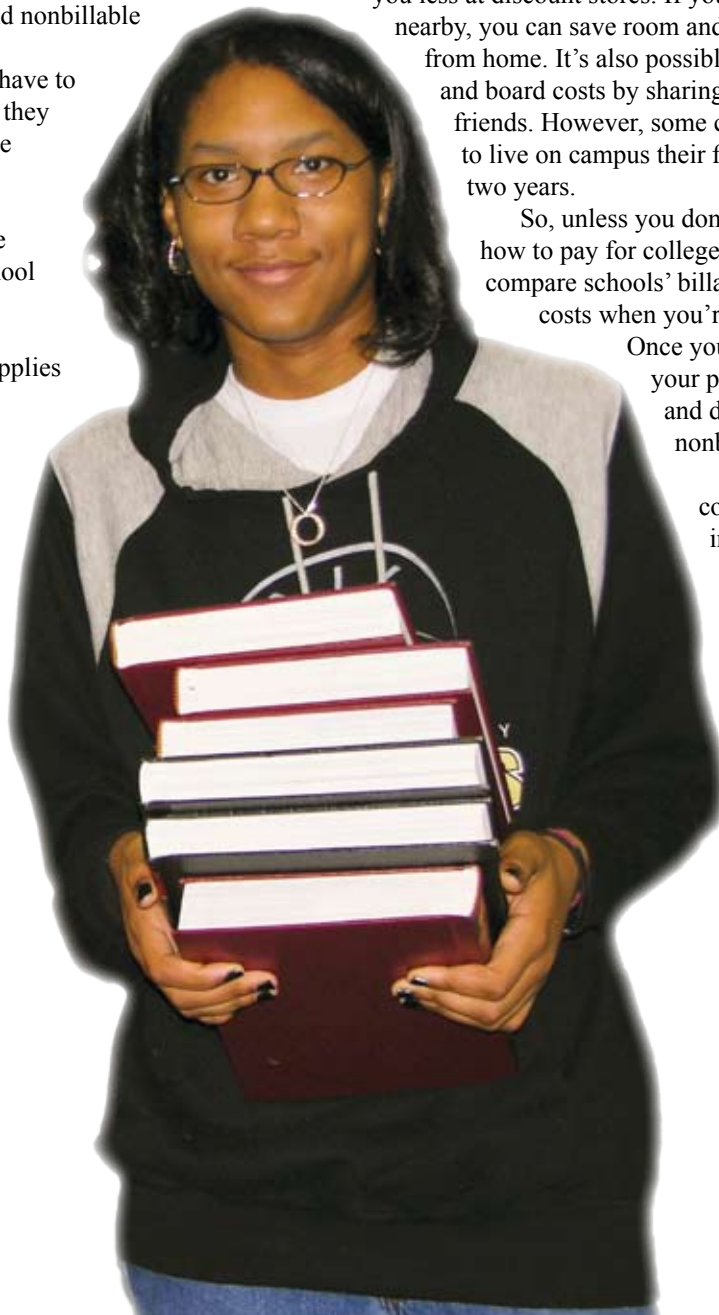
It's in the room and board and the nonbillable costs that you can save money, sometimes lots of money, by smart shopping. Textbooks are expensive, so you can save money by buying used books whenever possible. You may

get better deals on books online, and supplies may cost you less at discount stores. If you're going to a school nearby, you can save room and board by commuting from home. It's also possible to cut down on room and board costs by sharing an apartment with friends. However, some colleges require freshmen to live on campus their first year, sometimes first two years.

So, unless you don't have to worry about how to pay for college, it's a good idea to compare schools' billable and nonbillable costs when you're checking out colleges.

Once you've done that, you and your parents can sit down and discuss ways to save on nonbillable costs.

To find out the billable costs for the school you're interested in attending, see the school pages in Chapter 3.





# QUESTIONS TO ASK THE FINANCIAL AID OFFICE

OK, we're almost through here. On this page, let's look at what you need to know about costs and financial aid from the schools you're applying to.

First of all, you need to know what financial aid forms you have to fill out and what the deadlines are. You can pretty much assume you'll have to fill out the FAFSA, but some schools also have a form to fill out if you want to apply for school-administered aid programs. In fact, you should ask the financial aid office about any special aid programs it has in addition to state and federal programs.

Secondly, you need to know how much it will cost to attend each school for a year. For comparison purposes, you should ask the financial aid office to break the costs down by:

- ☐ Tuition.
- ☐ Fees.
- ☐ Room.
- ☐ Board.
- ☐ Books and supplies.
- ☐ Transportation.
- ☐ Personal expenses.

In Chapter 3 you'll find costs for Kentucky colleges. You need to look at those costs closely.

You should ask the financial aid office how local scholarships and work-study will affect your financial aid. You should also ask if financial need will affect the school's decision about admitting you.

Other things you need to check on include:

- ☐ Whether your award will be reconsidered if your family's financial situation changes.
- ☐ Whether you can expect roughly the same financial aid package each year or if the package includes one-time-only awards.
- ☐ How much of your package includes student loans and parent loans.
- ☐ What the school expects the average student loan debt of someone in your class will be.

Finally, you should ask the financial aid office for a list of everything it needs from you if you accept the package: tax returns, acceptance letter, promissory note, applications, etc.